

## HOUSE BILL NO. 22

INTRODUCED BY S. DICKENSON

BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE SUNSET ON INTEREST INCOME FROM THE COAL SEVERANCE TAX PERMANENT FUND APPROPRIATED TO THE MONTANA MANUFACTURING EXTENSION CENTER, THE GROWTH THROUGH AGRICULTURE PROGRAM, AND THE MONTANA COOPERATIVE DEVELOPMENT CENTER; REQUIRING THAT A PORTION OF THE APPROPRIATION TO THE MONTANA MANUFACTURING EXTENSION CENTER BE USED IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO PROMOTE RECYCLING; AMENDING SECTION 15-35-108, MCA, SECTION 10, CHAPTER 10, SPECIAL LAWS OF MAY 2000, AND SECTION 3, CHAPTER 481, LAWS OF 2003; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-35-108, MCA, is amended to read:

**"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks

1 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
2 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
3 described in 23-1-102.

4 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
5 resource loan debt service fund.

6 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
7 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
8 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
9 cultural and aesthetic projects.

10 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
11 in 90-6-1001.

12 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must  
13 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

14 (9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the  
15 provisions of this chapter must be credited to the general fund of the state.

16 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited  
17 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

18 (i) \$65,000 to the cooperative development center;

19 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

20 (iii) \$3.65 million to the research and commercialization state special revenue account created in  
21 90-3-1002;

22 (iv) to the department of commerce:

23 (A) \$125,000 for a small business development center;

24 (B) \$50,000 for a small business innovative research program;

25 (C) \$425,000 for certified regional development corporations;

26 (D) ~~\$200,000~~ subject to subsection (9)(c), \$300,000 for the Montana manufacturing extension center  
27 at Montana state university-Bozeman; and

28 (E) \$300,000 for export trade enhancement.

29 (c) At least 35% of the funding received under subsection (9)(b)(iv)(D) must be used in collaboration with  
30 the department of environmental quality to encourage manufacturers and commercial business owners to reduce

1 their waste streams through source reduction, recycling, reuse, or use of recycled-content products or feedstocks.

2 (10) The department of commerce, in coordination with the department of environmental quality, shall  
3 submit a biennial report to the environmental quality council established in 5-16-101 outlining activities and  
4 expenditures required under subsection (9)(c). (Terminates June 30, 2010--sec. 6, Ch. 481, L. 2003.)

5 **15-35-108. (Effective July 1, 2010) Disposal of severance taxes.** Severance taxes collected under  
6 this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

7 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,  
8 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
9 17-6-203(6) and invested by the board of investments as provided by law.

10 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program  
11 account established in 17-7-205.

12 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated  
13 by the legislature for provision of basic library services for the residents of all counties through library federations  
14 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
15 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
16 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
17 fund balance at the end of each fiscal year must be deposited in the general fund.

18 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
19 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
20 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
21 described in 23-1-102.

22 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
23 resource loan debt service fund.

24 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
25 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
26 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
27 cultural and aesthetic projects.

28 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
29 in 90-6-1001.

30 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must

1 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

2 (9) All other revenue from severance taxes collected under the provisions of this chapter must be  
3 credited to the general fund of the state."

4  
5 **Section 2.** Section 15-35-108, MCA, is amended to read:

6 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter  
7 must, in accordance with the provisions of 17-2-124, be allocated as follows:

8 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,  
9 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
10 17-6-203(6) and invested by the board of investments as provided by law.

11 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program  
12 account established in 17-7-205.

13 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated  
14 by the legislature for provision of basic library services for the residents of all counties through library federations  
15 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
16 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
17 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
18 fund balance at the end of each fiscal year must be deposited in the general fund.

19 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
20 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
21 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
22 described in 23-1-102.

23 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
24 resource loan debt service fund.

25 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
26 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
27 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
28 cultural and aesthetic projects.

29 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
30 in 90-6-1001.

(8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) \$3.65 million to the research and commercialization state special revenue account created in 90-3-1002;

(iv) to the department of commerce:

(A) \$125,000 for a small business development center;

(B) \$50,000 for a small business innovative research program;

(C) \$425,000 for certified regional development corporations;

(D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

and

(E) \$300,000 for export trade enhancement. (Terminates June 30, 2010--sec. 6, Ch. 481, L. 2003.)

**15-35-108. (Effective July 1, 2010) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established in 90-6-1001.

(8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) (a) All Subject to subsection (9)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis in the amounts specified in this subsection (9)(b) as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9; and

(iii) subject to subsection (9)(c), \$300,000 to the department of commerce for the Montana manufacturing extension center at Montana state university-Bozeman.

(c) At least 35% of the funding received under subsection (9)(b)(iii) must be used in collaboration with the department of environmental quality to encourage manufacturers and commercial business owners to reduce their waste streams through source reduction, recycling, reuse, or use of recycled-content products or feedstocks.

(10) The department of commerce, in coordination with the department of environmental quality, shall submit a biennial report to the environmental quality council established in 5-16-101 outlining activities and expenditures required under subsection (9)(c)."

**Section 3.** Section 10, Chapter 10, Special Laws of May 2000, is amended to read:

**"Section 10. Termination.** (1) [Section 1] terminates June 30, 2001.

(2) ~~[Sections 2 through 4]~~ [Sections 2 and 4] terminate June 30, 2005."

**Section 4.** Section 3, Chapter 481, Laws of 2003, is amended to read:

**"Section 3.** Section 10, Chapter 10, Special Laws of May 2000, is amended to read:

**"Section 10. Termination.** (1) [Section 1] terminates June 30, 2001.

(2) ~~[Sections 2 through 4]~~ [Sections 2 and 4] terminate June 30, 2005.

~~(3) [Section 3] terminates June 30, 2010."~~

**NEW SECTION.** **Section 5. Effective dates.** (1) Except as provided in subsections (2) and (3), [this act] is effective October 1, 2009.

(2) [Section 1 and this section] are effective July 1, 2009.

(3) [Section 2] is effective July 1, 2010.

**NEW SECTION.** **Section 6. Applicability.** [This act] applies to severance tax collections from coal produced after June 30, 2009.

- END -